



USFR MEMORANDUM NO. 223

TO: School District Administrators; County School Superintendents

FROM: Magdalene D. Haggerty, Office of the Auditor General
Vicki G. Salazar, Arizona Department of Education (ADE)

DATE: June 28, 2006

SUBJECT: Revised Fiscal Year (FY) 2006-07 School District Annual Expenditure Budget Forms and Work Sheets (Amends USFR Memorandum No. 222)

The 47th Legislature, 2nd Regular Session has now concluded, and additional legislation has been enacted that affect the budget forms and work sheets issued on June 15, 2006, with USFR Memorandum No. 222. The resulting changes to the forms and work sheets are described in this memorandum. Districts should still refer to USFR Memorandum No. 222 for basic instructions on completing their budgets.

In accordance with Arizona Revised Statutes (A.R.S.) §15-905(Q), if a district's adopted budget is based on incorrect limits, does not include items authorized by law, or does not otherwise conform to the law, the district may revise its budget at a public hearing on or before September 15 of the budget year to conform with the law. Therefore, districts that have not yet completed their proposed budget should use the revised forms and work sheets. Districts that have proposed and adopted a budget using the original forms should revise their budgets by September 15, 2006, and submit them to the Superintendent of Public Instruction no later than September 18, 2006.

These revised forms and work sheets have been e-mailed to all districts and will also be available to download from the Auditor General's Web site at www.azauditor.gov/forms_schooldistrict.htm and ADE's Web Site at www.ade.az.gov/schoolfinance/Forms/Budgets.

Laws 2006, Ch. 341, §8—Work Sheet J

Footnote 5 on Work Sheet J was revised to reflect the new restriction on the amount of state aid that joint technological education districts may receive in FY 2006-07. State aid for joint technological education districts is limited to 102% of the state aid received for FY 2005-06 plus the amount of county equalization assistance received for FY 2005-06, or the FY 2006-07 qualifying levy multiplied by 2 plus the amount of county equalization assistance received for FY 2005-06, whichever is greater.

Laws 2006, Ch. 353, §§1, 3, 4, 9, 10, 17 through 19, and 27

The restrictions originally included in the forms and work sheets for rapid decline (Work Sheet A) and desegregation (Desegregation Supplement) will continue to be in effect for FY 2006-07.

On Work Sheet C, a kindergarten support level weight of 0.835 was added and several other support level weights increased. The base level amount on Work Sheet C increased to \$3,133.53 (\$3,172.70 for Teacher Compensation); however, \$72.51 of this amount is restricted to provide salary and benefit increases for nonadministrative personnel only.

Since the kindergarten support level weight was added to Work Sheet C, the Full-Day Kindergarten Funds 060 and 065 were eliminated. However, the funds will remain on the budget forms and supplement for FY 2006-07 to allow districts that received funding for full-day kindergarten in FY 2004-05 and FY 2005-06 to budget for any remaining monies in the funds. Remaining monies should only be used for full-day kindergarten instruction. Monies received in FY 2006-07 and future years pursuant to the new kindergarten support level weight should be included in the Maintenance and Operations or Unrestricted Capital Outlay Funds, as appropriate.

The additional assistance for charter schools students in the Soft Capital Allocation also increased on Work Sheet I.

Laws 2006, Ch. 361, §§1 and 2—Work Sheet D

On Work Sheet D, the number of days increased from 175 to 180 for the Transportation Support Level (TSL) calculation. In addition, the FY 2006-07 Transportation Revenue Control Limit (TRCL) cannot increase from the FY 2005-06 TRCL amount if the FY 2006-07 TRCL would exceed 120 percent of the FY 2006-07 TSL.

Laws 2006, HB 2505, §1—School-by-School Budget

The requirement in A.R.S. §15-903 for school-by-school budgeting was eliminated. Therefore, districts are not required to prepare the School-by-School Budget that was included with USFR Memorandum No. 222. However, districts that budget for desegregation in accordance with A.R.S. §15-910(J) are still required to complete the Desegregation Supplement and related forms.

Other Changes

The Joint Legislative Budget Committee revised the qualifying tax rate for PSD-8 and 9-12 to \$1.7394. This change affects the amount entered on Work Sheet J, lines III.A.7 and III.B.11.

If you have any questions or need assistance, please call the Office of the Auditor General, Accounting Services Division at (602) 553-0333, or the Arizona Department of Education, School Finance Operations Unit at (602) 542-5695.

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